



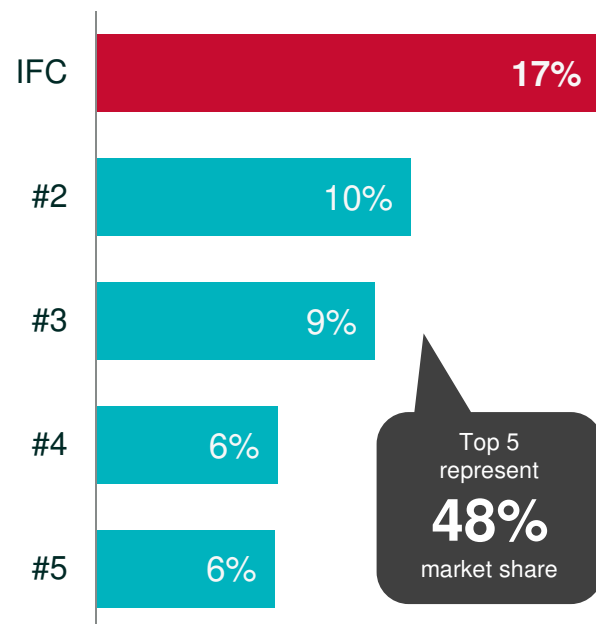
[intact] **INVESTOR PRESENTATION**

Intact Financial Corporation (TSX: IFC)

Updated: August 7, 2018

Canada's largest home, auto and business insurer

Largest market share in a fragmented industry ¹



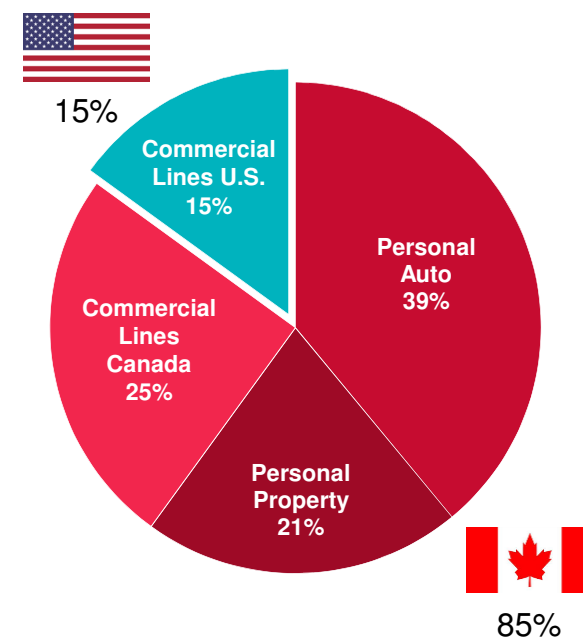
Distinct brands



New U.S. platform



2017 DPW (pro forma) by line of business ²



Industry data: IFC estimates based on MSA Research Inc. Please refer to Important notes on page 3 of the Q2-2018 MD&A for further information.

¹ All market share data as at December 31, 2017.

² DPW (pro forma) for 2017 are comprised of the DPW of P&C Canada and the DPW (pro forma) of P&C U.S., using an exchange rate of 1.30.

What we are aiming to achieve



Financial targets driven by unique strategic advantages

Leading N. American
P&C Operator



10%

*NOIPS growth per
year over time*

Scaled & Diversified
Core Operation



*Every year beat
industry ROE by*

500bps

Achieving our financial targets

ROE outperformance versus the industry

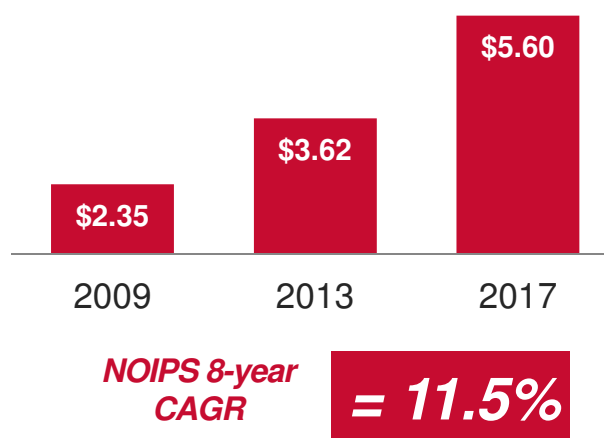


We have regularly exceeded our **500 bps ROE outperformance target** versus the industry.

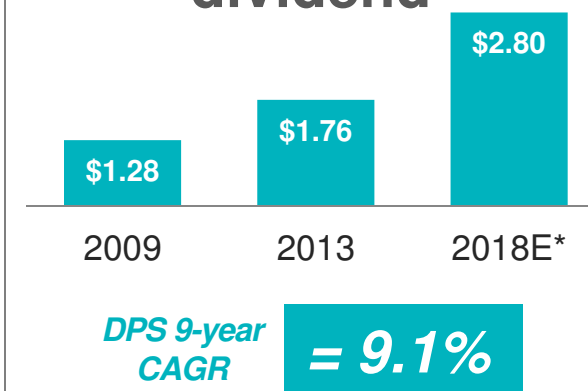
Industry data: IFC estimates based on MSA Research. Please refer to Important notes on page 3 of the Q2-2018 MD&A for further information.

IFC's ROE corresponds to the AROE.

NOIPS



Common share dividend



* Annualized quarterly dividend declared

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BESTEMPLOYER
PLATINUM | CANADA | 2018



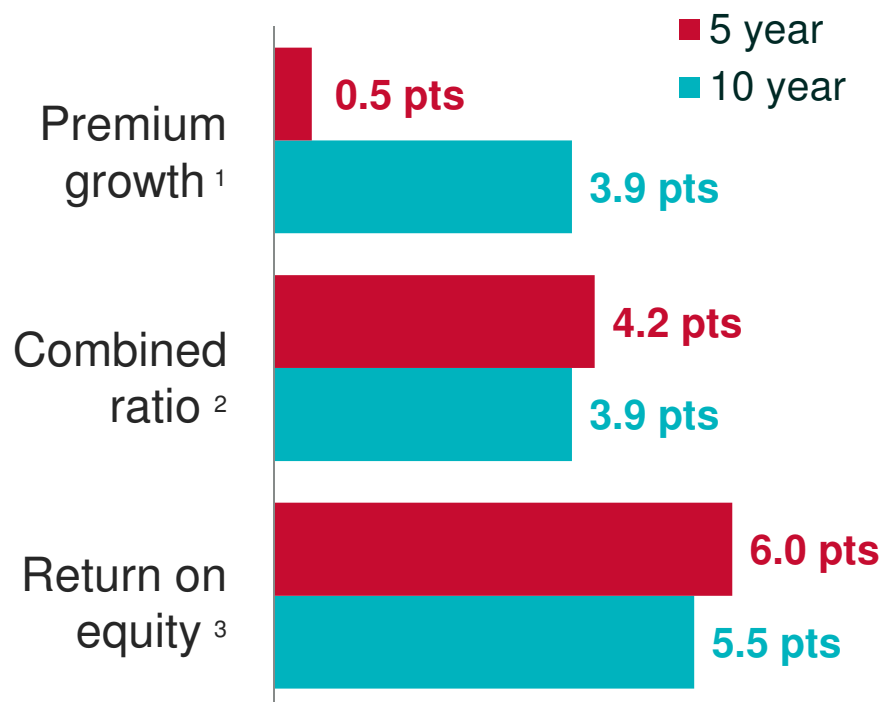
**3rd CONSECUTIVE YEAR
AON PLATINUM AWARD AND BEST
EMPLOYER**



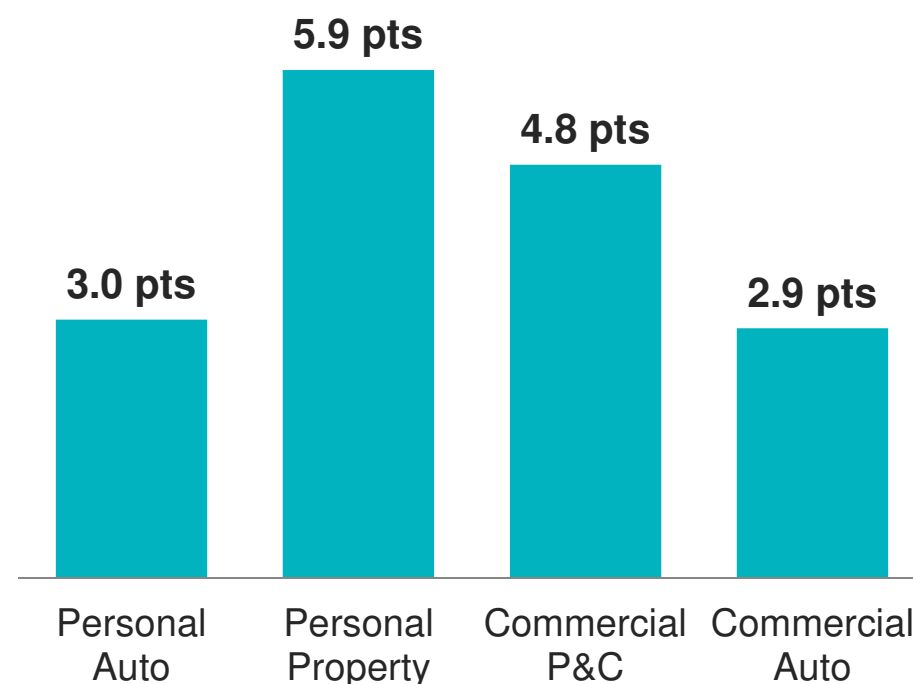
**#2 GOVERNANCE OUT OF
242 COMPANIES IN CANADA**

Consistent outperformance

Historical outperformance versus the Canadian P&C industry



Five-year average loss ratio outperformance gap in Canada



Industry data: IFC estimates based on MSA Research Inc. Please refer to Important notes on page 3 of the Q2-2018 MD&A for further information.

¹ Premium growth includes the impact of industry pools.

² Combined ratio includes the market yield adjustment (MYA).

³ IFC's ROE is adjusted return on common shareholders' equity (AROE).

P&C industry 12-month outlook¹



We expect growth at a ***mid-single-digit*** level in personal auto

Rate actions in all markets and continued increases in the volume ceded to risk sharing pools and non-standard auto markets, with a tightening of capacity



We expect ***mid-single-digit*** growth in personal property

Companies are adjusting to changing weather patterns, we expect the current firm market conditions to continue



We expect ***mid-single-digit*** growth in commercial lines Canada

These lines of business remain competitive, with continued signs of firming market conditions



We expect ***low-to-mid single-digit*** growth in U.S. commercial lines

The pricing environment remains competitive, while modest upwards trends continue



- Investment yields remain low by historical standards, but there has been upward momentum on interest rates recently
- The broker industry remains fragmented with continuing opportunities for consolidation

Overall, we expect the P&C insurance industry's ROE to ***improve but remain below its long-term average of 10%*** over the next 12 months

¹ Refer to Section 5.1 – P&C Insurance Industry Outlook of the Q2-2018 MD&A

Four avenues of growth

Multiple levers for profitable growth

Near term

Medium term



01 Firming market conditions



02 Develop existing platforms





03 Consolidate Canadian market



04 Further expansion outside Canada

Creating a leading North American specialty insurer

	3-yr CR (as of Dec. 31, 2017)	Current # of BUs	2017 DPW
	92.2%	11 ¹	C\$0.7B
	95.7%	14	C\$1.5B
North American Specialty	94.5%	21²	C\$2.2B

All U.S. data excludes the results of exited lines. Please refer to sections 5 and 27 of the MD&A for the year ended December 31, 2017 for more information. The CAD:USD exchange rate used is 1.30.

¹ Includes products for technology and entertainment risks launched in Q4-2017.

² Surety, ocean marine, technology and entertainment business units are now managed across North America.

Where We're Going

North American Expertise

- Highly respected in the marketplace
- Destination for top-notch talent
- Best-in-class service
- Outperform financially

Low-90s U.S. Combined Ratio

- Sizable core of high-performing BUs
- Invest in and grow strong performers
- Execute on U.S. profitability plans
- Top quartile N. A. Specialty Insurer

Generate \$3B in annual DPW

- Leverage deep distribution partnerships
- Expand geographic footprint
- Invest in new specialty markets
- Top quartile in N. A. Specialty Market

Strong financial position

Our balance sheet is strong

\$1.2B

in total capital
margin

22.5%

debt-to-total
capital ratio
(returning to 20% in 2019)

Low BVPS sensitivity to capital markets volatility²

(\$0.83)

per 100 bps
increase in
interest rates

(\$1.51)

per 10% decrease
in common share
prices

(\$0.33)

per 5% decrease
in preferred share
prices

Credit ratings¹

	A.M. Best	DBRS	Moody's	Fitch
Financial strength ratings of IFC's principal Canadian P&C insurance subsidiaries	A+	AA (low)	A1	AA-
Senior unsecured debt ratings of IFC	a-	A	Baa1	A-
Financial strength ratings of OneBeacon U.S. regulated entities	A	-	A2	AA-

* All data as of June 30, 2018

¹ Refer to Section 10.2 – *Credit ratings* of the Q2-2018 MD&A for additional commentary.

² Refer to Section 12 – *Sensitivity analyses* of the Q2-2018 MD&A for additional commentary.

Proven and consistent capital management strategy

Maintain leverage ratio

(20% debt-to-total capital by 2019)

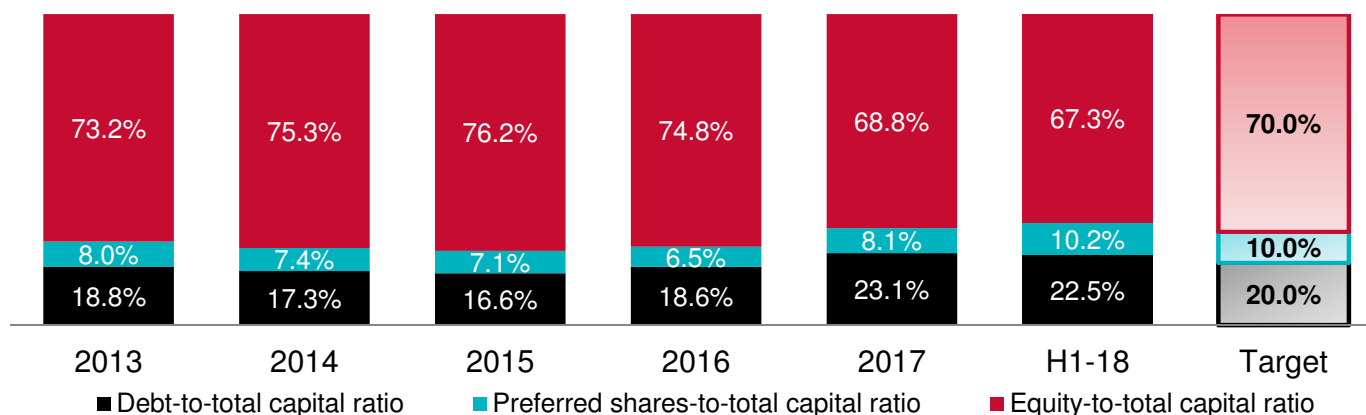
Increase dividends

Manage volatility

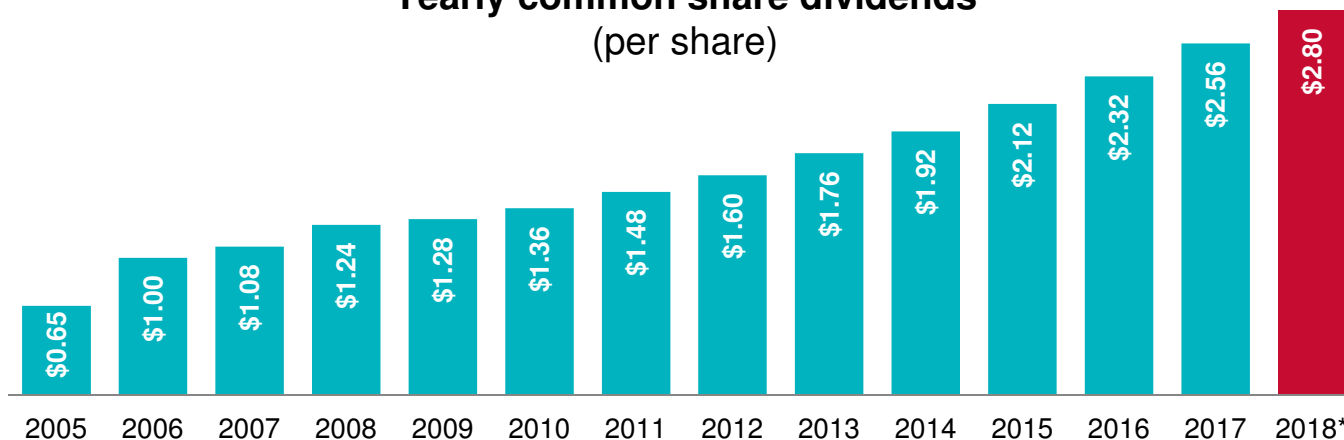
Invest in growth opportunities

Share buybacks

Capital structure



Yearly common share dividends (per share)

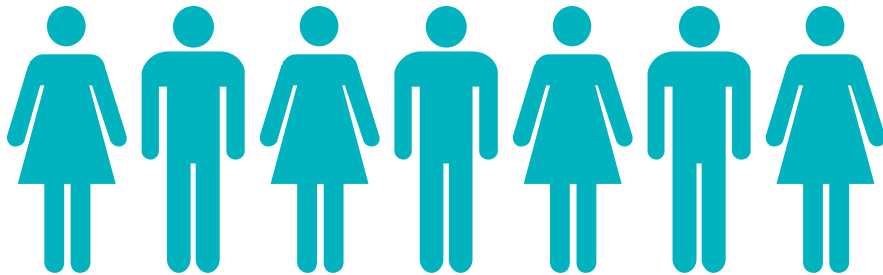


* Annualized quarterly dividend declared

People advantage

We continue to invest in people and create a strong and diverse workplace

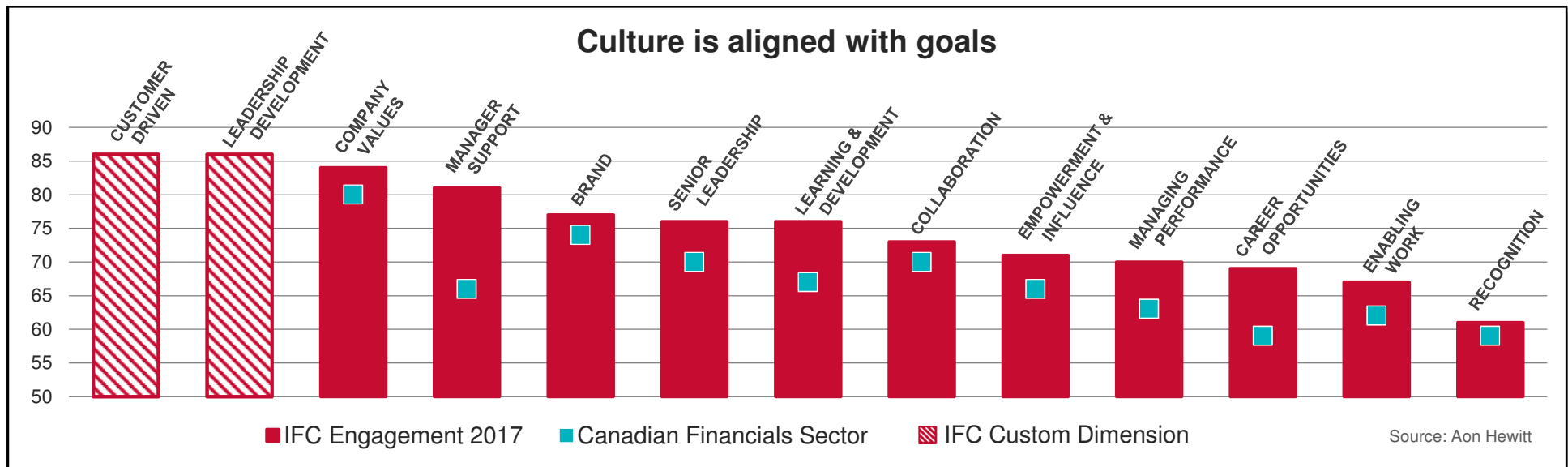
Depth of talent with an average of **7 successors** for each Senior Leadership role



16

years of experience, on average, that Executive Committee members have with the organization in various roles

* As of December 31, 2017



Key takeaways

1

Sustainable competitive edge driven by strong fundamentals, scale and discipline

2

Customer driven with diversified offers to meet changing needs

3

Solid financial position and proven track record of consolidation

4

Deep, diverse, engaged, loyal talent pool



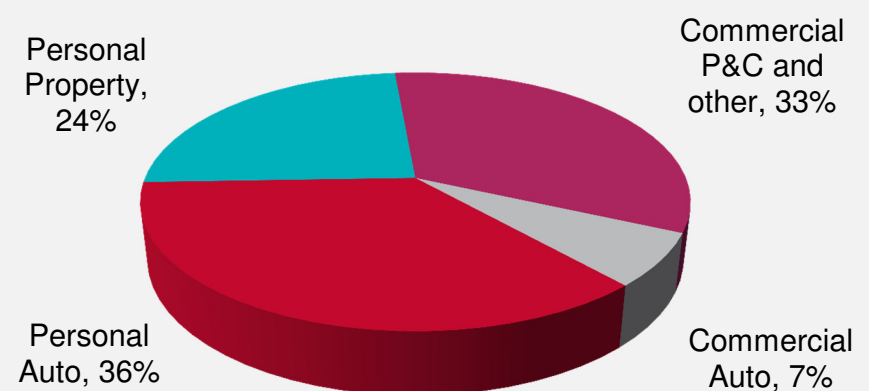
Appendices

P&C insurance in Canada

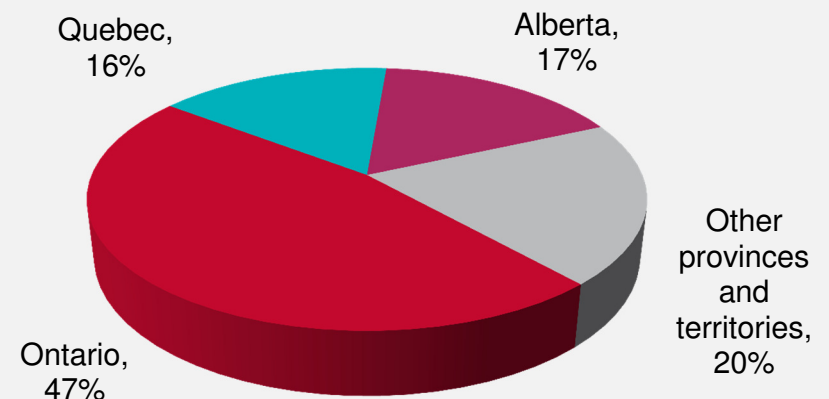
A \$51 billion market representing approximately 3% of GDP

- Fragmented market:
 - Top five represent 48%, versus bank/lifeco markets which are closer to 65-75%
 - IFC is largest player with approximately 17% market share, versus largest bank/lifeco with 22-25% market share
 - P&C insurance shares the same regulator as the banks and lifecos
- Home and commercial insurance rates unregulated; personal auto rates regulated in many provinces.
- Capital is regulated nationally by OSFI* and by provincial authorities in the case of provincial insurance companies.
- Distribution in the industry is currently about 60% through brokers and 40% through direct writers.
- Industry has grown at ~5% CAGR and delivered ROE of ~10% over the last 30 years.

Industry DPW by line of business



Industry – premiums by province



Industry data: IFC estimates based on MSA Research Inc. and Insurance Bureau of Canada. Please refer to Important notes on page 3 of the Q2-2018 MD&A for further information. All data as at December 31, 2017.

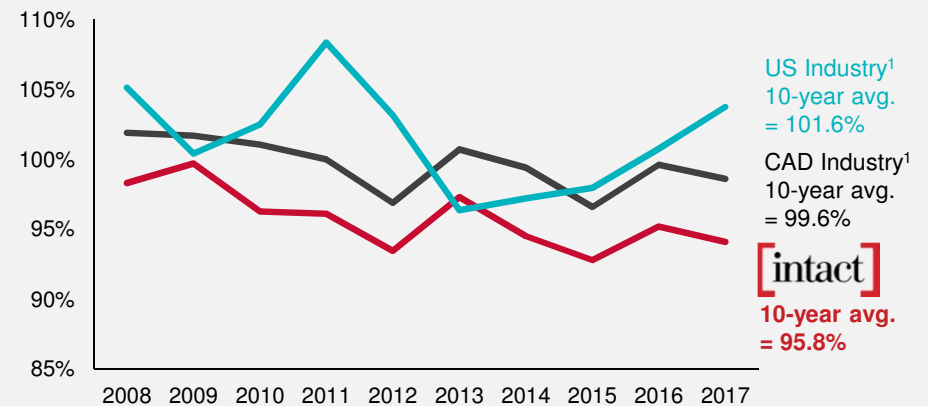
* OSFI = Office of the Superintendent of Financial Institutions Canada

P&C industry 10-year performance versus IFC

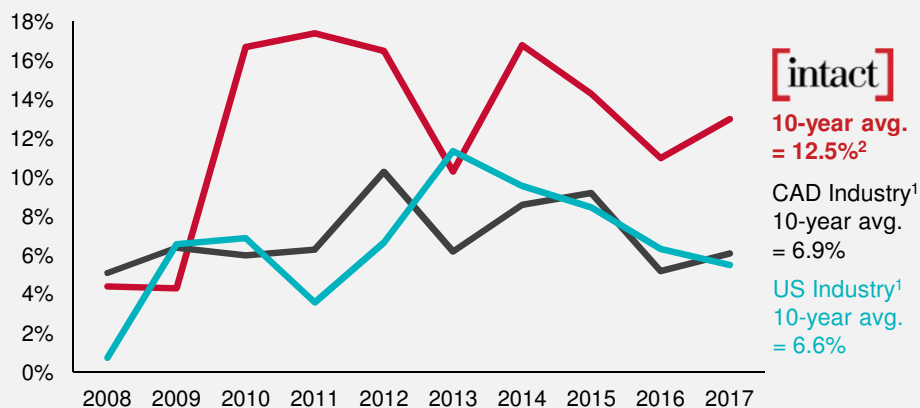
IFC's competitive advantages

- Scale advantage
- Sophisticated pricing and underwriting discipline
- In-house claims expertise
- Broker relationships
- Solid investment returns
- Strong organic growth potential

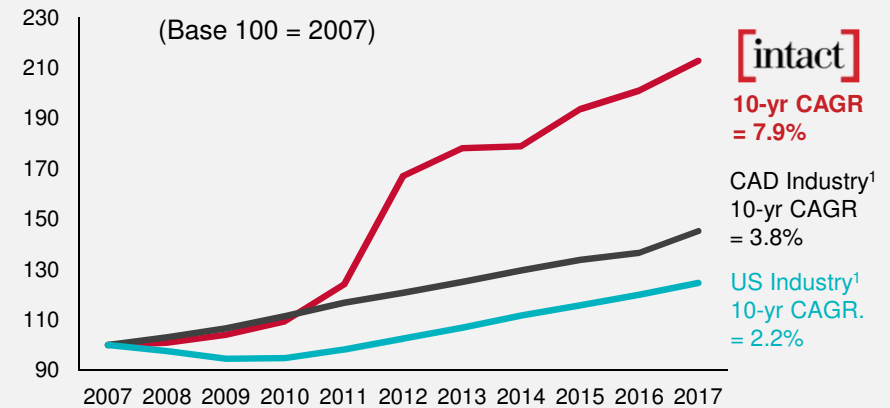
Combined ratio



Return on equity



Direct premiums written growth



¹ Industry data: IFC estimates based on SNL Financial and MSA Research excluding Lloyd's, ICBC, SGI, SAF, MPI, Genworth and IFC. All data as at Dec 31, 2017.

² ROEs reflect IFRS beginning in 2010. Since 2011, IFC's ROE is adjusted return on common shareholders' equity (AROE).

Q2-18 Personal Lines Performance

🇨🇦 Personal auto commentary:

- Personal auto premiums declined 2% as ongoing profitability actions including rate increases ahead of the market and segmentation initiatives impacted unit growth.
- The combined ratio improved 2.2 points over last year to 95.6% driven by current accident year improvement from our auto action plan. This was tempered by lingering winter conditions, negative impact from industry pools, and unfavourable prior year claims development.
- We are demonstrating good progress towards achieving our mid-90's run-rate target by year end.

(in C\$ millions, except as otherwise noted)	Q2-2018	Q2-2017	Change
DPW	1,137	1,163	(2)%
Written insured risks (in thousands)	1,318	1,360	(3)%
NEP	935	949	(1)%
Underwriting income	42	22	91%
Claims ratio	72.9%	74.5%	(1.6) pts
Expense ratio	22.7%	23.3%	(0.6) pts
Combined ratio	95.6%	97.8%	(2.2) pts

🇨🇦 Personal property commentary:

- Personal property premiums grew 2% driven by rate increases in firm market conditions, but were tempered by slowing unit growth related to our profitability actions in personal auto.
- The combined ratio of 102.7% included 18.1 points of catastrophe losses driven by three severe weather events while underlying performance was strong.
- Despite the impacts of severe weather in 2017 and 2018, year-to-date the combined ratio remained resilient in the mid-90s for both years.

(in C\$ millions, except as otherwise noted)	Q2-2018	Q2-2017	Change
DPW	640	625	2%
Written insured risks (in thousands)	710	704	1%
NEP	521	506	3%
Underwriting income (loss)	(14)	2	nm
Claims ratio	69.1%	66.4%	2.7 pts
Expense ratio	33.6%	33.1%	0.5 pts
Combined ratio	102.7%	99.5%	3.2 pts

Q2-18 Commercial Lines Performance

Commercial lines commentary:

- Commercial lines (P&C and auto) saw strong growth of 7% as both segments continued to benefit from rate momentum in firming market conditions and robust growth in specialty lines.
- Solid performance in the quarter with a combined ratio of 92.9% despite close to 7 points of catastrophe losses.

(in C\$ millions, except as otherwise noted)	Q2-2018	Q2-2017	Change
DPW	757	709	7%
Commercial P&C	517	487	6%
Commercial auto	240	222	8%
NEP	614	596	3%
Underwriting income	44	79	(44)%
Claims ratio	57.1%	50.8%	6.3 pts
Expense ratio	35.8%	35.9%	(0.1) pts
Combined ratio	92.9%	86.7%	6.2 pts

P&C United States¹ commentary:

- Premiums of \$374 million reflected organic growth of 2% in the quarter. Business lines not undergoing profitability improvement delivered low double-digit growth.
- Underwriting income of \$21 million resulted in a solid 93.8% combined ratio. Underlying current year loss ratio was healthy at 56.5%, reflecting good progress towards our profitability target.
- On a run-rate basis, we estimate that we have reached our target of US\$25 million of annual synergies at the end of the quarter, ahead of our initial objective of 2019.
- We remain on track to achieve a sustainable low-90s combined ratio within 24 months.

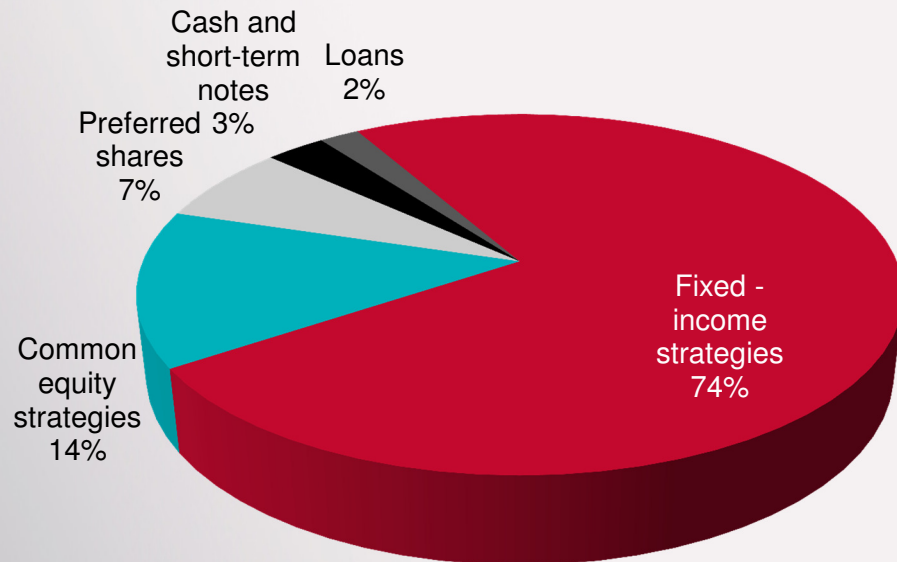
(in C\$ millions, except as otherwise noted)	Q2-2018
DPW	374
NEP	340
Underwriting income	21
Claims ratio	57.0%
Expense ratio	36.8%
Combined ratio	93.8%

¹ P&C U.S. excludes the results of exited lines

High quality investment portfolio

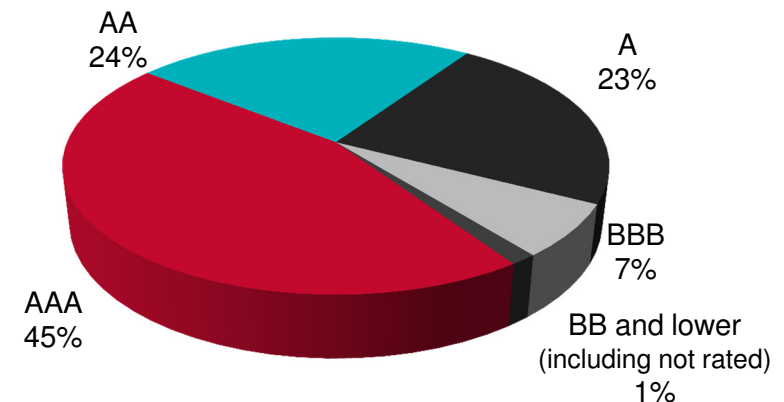
C\$16.9 billion of high quality investments - strategically managed

Investment mix by asset class
(net exposure)

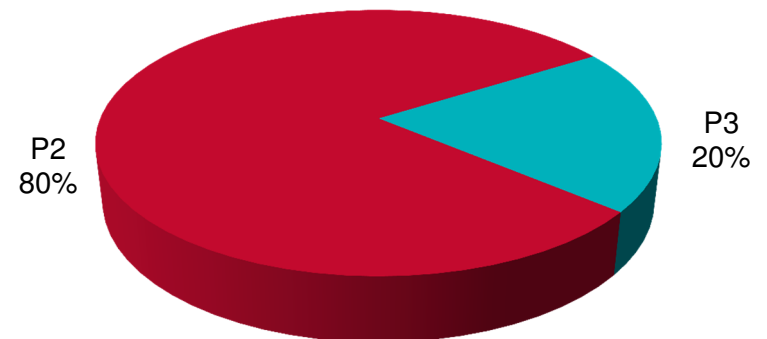


- 92% of fixed-income securities are rated 'A-' or better.
- The weighted-average rating of our preferred share portfolio are 'P2'.
- 99% of our structured debt securities are rated 'A' or better.

Fixed-income securities credit quality



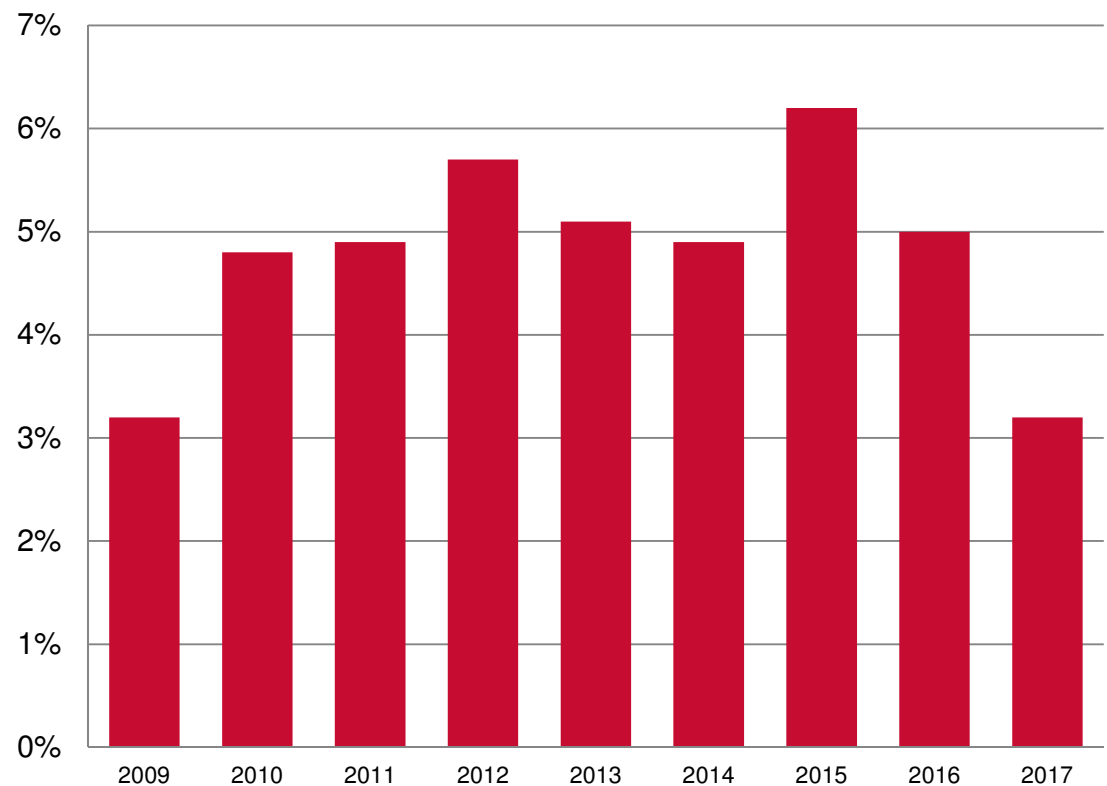
Preferred shares credit quality



Track record of prudent reserving practices

- ❑ Prior year claims development (PYD) can fluctuate from quarter to quarter and year to year and, therefore, should be evaluated over longer periods of time.
- ❑ We expect the average favourable PYD as a percentage of opening reserves to be in the 2%-4% range over the long term. Higher interest rates will trend PYD around the lower end of this range, with an offset in the CAY loss ratio.
- ❑ Our consistent track record of positive reserve development reflects our preference to take a conservative approach to establishing and managing claims reserves.

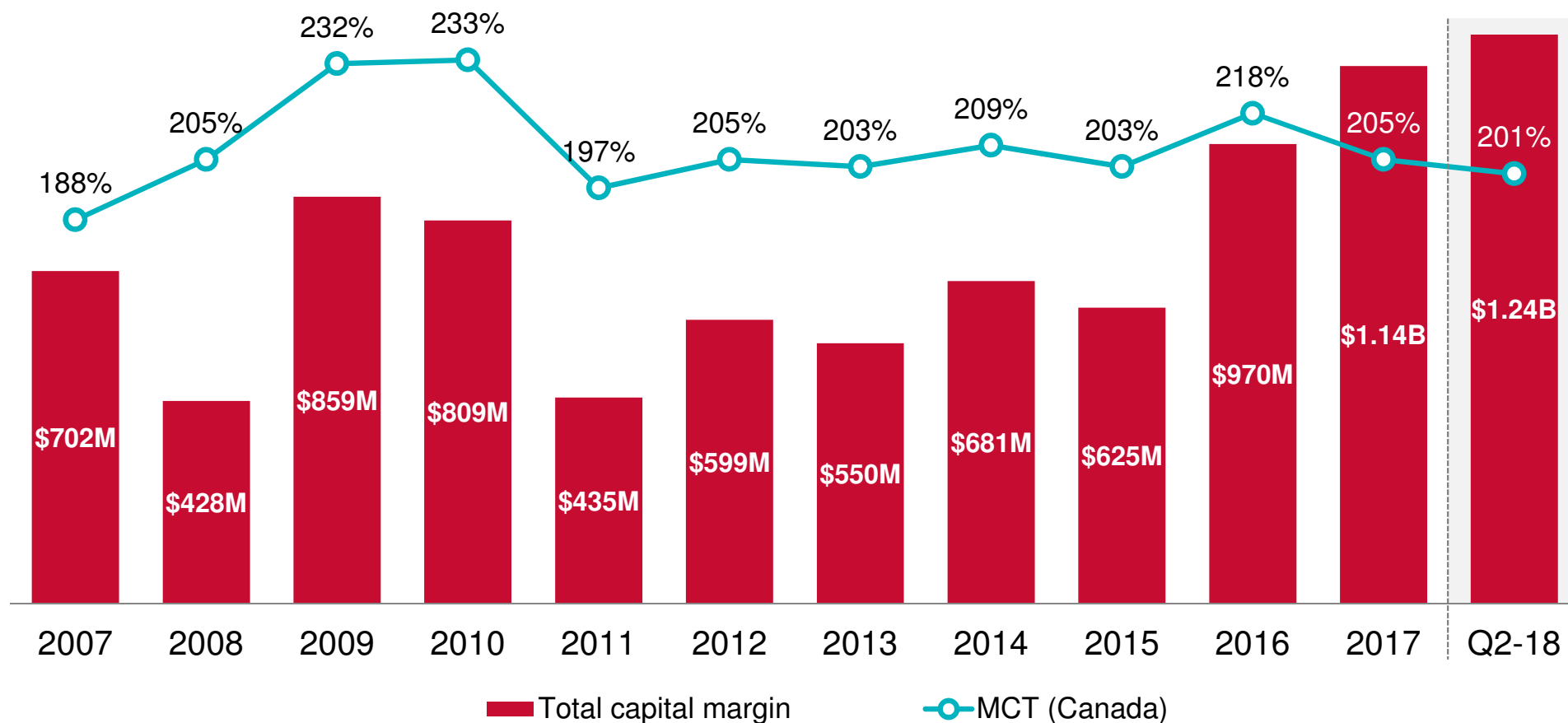
Annualized rate of favourable PYD – P&C Canada
(as a % of opening reserves)



Please see Section 9 – *Claims liabilities and reinsurance* of the Q2-2018 MD&A for details.

Strong capital base

Total capital margin is maintained to ensure a **very low probability** of breaching company action levels



* All references to "total capital margin" include the aggregate of capital in excess of company action levels in regulated entities (170% MCT, 200% RBC) plus available cash in unregulated entities (see Section 11.2 - *Capital position* of the Q2-2018 MD&A for details).

Further industry consolidation ahead

Our domestic acquisition strategy

- Open to manufacturing, distribution, and supply chain opportunities
- M&A will continue to accelerate key strategic focuses: scale, enhanced distribution capabilities, and a broadened customer offering
- Strong track record of executing our strategy with a proven ability to achieve synergy targets and attractive rates of return

Canadian M&A environment

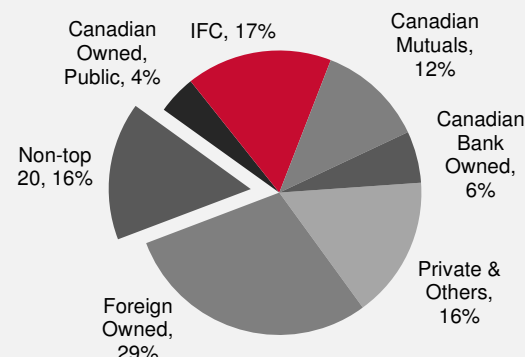
Environment conducive to acquisitions:

- Industry ROEs, although slightly improved from trough levels of mid-2009, remain below the long-term average of 10%
- Necessary investments in technology & innovation, increasing CAT experience, and persistently low investment yields continue to favour scale
- Demutualization likely for P&C insurance industry

Track record of acquisitions since 2001

Year	Company	DPW
2017	OneBeacon Insurance Group, Ltd.	US\$1.2 billion
2016	InnovAssur, assurances générales inc.	C\$50 million
2015	Canadian Direct Insurance Inc.	C\$143 million
2014	Metro General Insurance Corporation Ltd.	C\$27 million
2012	JEVCO Insurance Company	C\$350 million
2011	AXA Canada Inc.	C\$2 billion
2004	Allianz of Canada, Inc.	C\$672 million
2001	Zurich North America Canada	C\$510 million

Top 20 P&C insurers = 84% of market



Top 5 - 2017
48%
OF THE MARKET

Top 5 - 2009
36%
OF THE MARKET

Historical financials

(in millions of Canadian dollars, except as otherwise noted)

	H1-18	H1-17	2017	2016	2015	2014	2013
Financial results							
Direct premiums written	4,990	4,234	8,730	8,277	7,901	7,441	7,322
Underwriting income	112	138	486	375	628	519	142
Net investment income	256	210	432	414	424	427	406
Net operating income (NOI)	321	316	771	660	860	767	500
Net income attributable to shareholders	264	389	792	541	706	782	431
Underwriting results							
Claims ratio	67.4%	67.4%	65.4%	64.9%	61.3%	62.6%	66.9%
Expense ratio	30.2%	29.2%	28.9%	30.4%	30.4%	30.2%	31.1%
Combined ratio	97.6%	96.6%	94.3%	95.3%	91.7%	92.8%	98.0%
Per share (basic and diluted) (in \$)							
Net operating income per share (NOIPS)	2.19	2.34	5.60	4.88	6.38	5.67	3.62
Earnings per share to common shareholder (EPS)	1.78	2.90	5.75	3.97	5.20	5.79	3.10
Adjusted EPS (AEPS)	2.23	2.86	5.82	4.53	5.54	6.01	3.44
Return on equity (for the last 12 months)							
Operating ROE (OROE)	11.9%	12.1%	12.9%	12.0%	16.6%	16.3%	11.2%
Return on equity (ROE)	10.0%	12.3%	12.8%	9.6%	13.4%	16.1%	9.3%
Adjusted ROE (AROE)	11.3%	13.1%	13.0%	11.0%	14.3%	16.8%	10.3%
Financial position							
Total investments	16,946	14,890	16,853	14,386	13,504	13,440	12,261
Debt outstanding	2,266	1,815	2,241	1,393	1,143	1,143	1,143
Total shareholder's equity	7,798	6,158	7,463	6,088	5,724	5,451	4,950
Total capital margin	1,243	1,014	1,135	970	625	681	550
Book value per share (in \$)	48.64	42.16	48.00	42.72	39.83	37.75	33.94

Contact us

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Forward-looking statements

Certain of the statements included in this presentation about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. This presentation contains forward-looking statements with respect to the acquisition (the "Acquisition") of OneBeacon Insurance Group, Ltd. ("OneBeacon") and the integration and future plans relating to the Acquisition.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. Many factors could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: the Company's ability to implement its strategy or operate its business as management currently expects; its ability to accurately assess the risks associated with the insurance policies that the Company writes; unfavourable capital market developments or other factors which may affect the Company's investments, floating rate securities and funding obligations under its pension plans; the cyclical nature of the P&C insurance industry; management's ability to accurately predict future claims frequency and severity, including in the Ontario personal auto line of business, catastrophe losses caused by severe weather and other weather-related losses, as well as the impact of climate change; government regulations designed to protect policyholders and creditors rather than investors; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; the Company's reliance on brokers and third parties to sell its products to clients and provide services to the Company; the Company's ability to successfully pursue its acquisition strategy; the Company's ability to execute its business strategy; the Company's ability to achieve synergies arising from successful integration plans relating to acquisitions; economic, financial, business and political conditions, as well as their resulting effect on management's estimates and expectations in relation to accretion, equity IRR, net operating income per share, MCT, combined and debt-to-total capital ratio and the other metrics used in relation to the Acquisition; the terms and conditions of the Acquisition; the Company's participation in the Facility Association (a mandatory pooling arrangement among all industry participants) and similar mandated risk-sharing pools; terrorist attacks and ensuing events; the occurrence and frequency of catastrophe events, including a major earthquake; the Company's ability to maintain its financial strength and issuer credit ratings; the Company's access to debt and equity financing; the Company's ability to compete for large commercial business; the Company's ability to alleviate risk through reinsurance; the Company's ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); the Company's ability to contain fraud and/or abuse; the Company's reliance on information technology and telecommunications systems and potential failure of or disruption to those systems, including evolving cybersecurity risk; the impact of developments in technology on the Company's products and distribution; the Company's dependence on and ability to retain key employees; changes in laws or regulations; general economic, financial and political conditions; the Company's dependence on the results of operations of its subsidiaries and the ability of the Company's subsidiaries to pay dividends; the volatility of the stock market and other factors affecting the trading prices of the Company's securities; the Company's ability to hedge exposures to fluctuations in foreign exchange rates; future sales of a substantial number of its common shares; changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof.

All of the forward-looking statements included in this presentation and the quarterly earnings press release dated July 31, 2018, are qualified by these cautionary statements and those made in the section entitled Risk management (Sections 19-24) of our MD&A for the year ended December 31, 2017. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. When relying on forward-looking statements to make decisions, investors should ensure the preceding information is carefully considered. Undue reliance should not be placed on forward-looking statements made herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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